

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III



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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER

8- 44650

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REPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

HARVEST GROUP SECURITIES, LTD.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

119 Prospect Street

(No. and Street)

Marshfield Hills

MA

02051

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Judith Lasko Price

781-837-4786

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Richard H. Daley & Company, P.C., CPA's

(Name — if individual, state last, first, middle name)

One Batterymarch Park

Quincy

MA

02169

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

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claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant  
must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

## OATH OR AFFIRMATION

I, Judith Lasko Price, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Harvest Group Securities, Ltd., as of December 31, 192001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Judith Lasko Price  
Signature

President

Title

Jose M. Alvarez  
Notary Public, State of New York  
No. 01AL6044254  
Qualified in Queens County  
Commission Expires July 3rd, 2002

[Signature]  
Notary Public

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

HARVEST GROUP SECURITIES, LTD.  
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DECEMBER 31, 2001

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**RICHARD H. DALEY & COMPANY, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

One Batterymarch Park

Quincy, Massachusetts 02169

617/471-5400

Independent Auditor's Report

Board of Directors  
Harvest Group Securities, Ltd.  
119 Prospect Street  
Marshfield Hills, MA

We have audited the accompanying balance sheets of Harvest Group Securities, Ltd. as of December 31, 2001 and 2000, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harvest Group Securities, Ltd. as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

*Richard H. Daley & Company, P.C.*

Quincy, Massachusetts

January 29, 2002

HARVEST GROUP SECURITIES, LTD.  
BALANCE SHEETS

ASSETS

	DECEMBER 31,	
	2001	2000
CURRENT ASSETS:		
Cash	\$ 72,783	\$ 42,316
Fees receivable	<u>650,615</u>	<u>1,242,274</u>
TOTAL CURRENT ASSETS	<u>723,398</u>	<u>1,284,590</u>
 TOTAL ASSETS	 \$ <u>723,398</u>	 \$ <u>1,284,590</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:		
Accrued expenses	\$ <u>2,027</u>	\$ <u>1,813</u>
TOTAL CURRENT LIABILITIES	<u>2,027</u>	<u>1,813</u>
 STOCKHOLDER'S EQUITY:		
Common stock, no par value, 200,000 authorized		
120 issued and outstanding	12,000	12,000
Retained earnings	<u>709,371</u>	<u>1,270,777</u>
TOTAL STOCKHOLDER'S EQUITY	<u>721,371</u>	<u>1,282,777</u>
 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	 \$ <u>723,398</u>	 \$ <u>1,284,590</u>

The accompanying notes are an integral part of the financial statements.

HARVEST GROUP SECURITIES, LTD.  
STATEMENTS OF INCOME  
FOR YEARS ENDED

	DECEMBER 31,	
	<u>2001</u>	<u>2000</u>
REVENUES:		
Fee income	\$ 221,161	\$ 1,682,126
Interest income	<u>7,749</u>	<u>6,811</u>
	228,910	1,688,937
EXPENSES:		
Administrative services fees - Note B	785,000	995,000
Other operating expenses	<u>5,316</u>	<u>4,125</u>
	<u>790,316</u>	<u>999,125</u>
(LOSS) INCOME BEFORE TAXES	(561,406)	689,812
PROVISION FOR INCOME TAXES - Note C	<u>-</u>	<u>-</u>
NET (LOSS) INCOME	\$ <u>(561,406)</u>	\$ <u>689,812</u>
(Loss) Income per share of common stock	\$ <u>(4,678.39)</u>	\$ <u>5,748.43</u>

The accompanying notes are an integral part of these financial statements.

HARVEST GROUP SECURITIES, LTD.  
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR YEAR ENDED DECEMBER 31, 2001

	<u>COMMON STOCK SHARES</u>	<u>AMOUNT</u>	<u>RETAINED EARNINGS</u>
BALANCE - DECEMBER 31, 2000	120	\$ 12,000	\$ 1,270,777
Net income 2001	—	—	<u>(561,406)</u>
 BALANCE - DECEMBER 31, 2001	 <u>120</u>	 <u>\$ 12,000</u>	 <u>\$ 709,371</u>

The accompanying notes are an integral part of these financial statements.

HARVEST GROUP SECURITIES, LTD.  
STATEMENTS OF CASH FLOWS  
FOR YEARS ENDED

	DECEMBER 31,	
	<u>2001</u>	<u>2000</u>
OPERATING ACTIVITIES:		
Net (loss) income	\$ (561,406)	\$ 689,812
Changes in operating assets and liabilities:		
Fees receivable	591,659	(674,082)
Accrued expenses	<u>214</u>	<u>(153)</u>
	<u>591,873</u>	<u>674,235</u>
INCREASE IN CASH	30,467	15,577
CASH - BEGINNING OF PERIOD	<u>42,316</u>	<u>26,739</u>
CASH - END OF PERIOD	\$ <u>72,783</u>	\$ <u>42,316</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for:		
Interest	\$ <u>-0-</u>	\$ <u>-0-</u>
Income taxes	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying notes are an integral part of these financial statements.



HARVEST GROUP SECURITIES, LTD.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE A - ACCOUNTING POLICIES

Operations - Harvest Group Securities, Ltd. (the Company) was incorporated on February 24, 1992 under the laws of Massachusetts. Its principal business activity consists of marketing investment product lines.

Customer Accounts - The Company does not hold funds or securities.

Loans From Stockholders - The Company has no subordinated loans.

Internal Controls - Management has established an accounting system to satisfy requirements of monthly reporting to regulatory authorities and safeguard misstatements or material deficiencies in internal control, within the scope allowable under circumstances and limitations as to the size of the organization.

NOTE B - RELATED PARTY TRANSACTIONS

Administrative services fees, in the amount of \$785,000 and \$995,000 for the years ended December 31, 2001 and 2000, respectively, were paid to The Harvest Group, Ltd., a corporation owned by the sole stockholder of the Company.

NOTE C - PROVISION FOR INCOME TAXES

The stockholder of the Company has elected tax status under Subchapter S of the Internal Revenue Code effective February 24, 1992. Under Subchapter S, the net income and tax credits of the Company are reported on the individual tax return of the stockholder.

SUPPLEMENTARY FINANCIAL INFORMATION



RICHARD H. DALEY & COMPANY

HARVEST GROUP SECURITIES, LTD.  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION

	DECEMBER 31,	
	<u>2001</u>	<u>2000</u>
NET CAPITAL:		
Total stockholder's equity qualified for net capital	\$ 721,371	\$ 1,282,777
DEDUCTIONS AND/OR CHANGES:		
A. Non-allowable assets		
Fees receivable	<u>650,615</u>	<u>1,242,274</u>
 TOTAL NET CAPITAL	 \$ <u>70,756</u>	 \$ <u>40,503</u>
 AGGREGATE INDEBTEDNESS:		
Accrued expense	\$ <u>2,027</u>	\$ <u>1,813</u>
 TOTAL AGGREGATE INDEBTEDNESS	 \$ <u>2,027</u>	 \$ <u>1,813</u>

NOTE: There are no material differences between the unaudited Focus IIA and the audited Total Net Capital figures.

**HARVEST GROUP SECURITIES, LTD.**  
**FINANCIAL STATEMENT**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**